

CLINTON COMMUNITY SCHOOL DISTRICT
Clinton, Iowa

FINANCIAL STATEMENTS
June 30, 2011

CLINTON COMMUNITY SCHOOL DISTRICT

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CLINTON COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term</u>
Board of Education		
James McGraw	President	September 2011
Mercia Wolf	Vice President	September 2013
Steve Luett	Board Member	September 2011
Stephen Teney	Board Member	September 2011
Gregg Obren	Board Member	September 2013
Missey Sullivan-Pope	Board Member	September 2013
Jack Wenzel	Board Member	September 2013
School Officials		
Deb Olson	Superintendent	Current
Jan Culbertson	District Secretary/Treasurer and Business Manager	Current

Independent Auditor's Report

To the Board of Education
Clinton Community School District
Clinton, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Clinton Community School District, Clinton, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Clinton Community School District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the District's governmental fund assets or liabilities nor was there any effect to the total amount of any of the District's governmental fund balances as of and for the year ended June 30, 2011.

During the audit engagement we noted cash balances were not reconciled to the general ledger. This was due to bank reconciliations not being performed for the entire year under audit. Cash balances were confirmed with financial institutions, however, even after performing extensive audit procedures and making material audit adjustments, the cash balances confirmed by financial institutions did not agree to the District's accounting records. Therefore, we were unable to form an opinion regarding cash balances at June 30, 2011, and we were unable to satisfy ourselves about the completeness of the cash balances by means of other auditing procedures.

In our opinion, except for the effects of such adjustments noted above, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Clinton Community School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2012, on our consideration of Clinton Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 15 and 50 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2010 (which are not presented herein). The financial statements for the year ended June 30, 2010 expressed a qualified opinion, while the financial statements for the year ended June 30, 2009 expressed an unqualified opinion. The financial statements for the seven years ended June 30, 2009, presented in Schedule 7 on page 65 of this report, were audited by other auditors whose reports expressed unqualified opinions on those financial statements. The Combining Balance Sheet - Nonmajor Special Revenue Funds, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Nonmajor Special Revenue Funds, Combining Balance Sheet - Capital Project Accounts, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Capital Project Accounts, Schedule of Changes in Special Revenue Fund, Student Activity Accounts, Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund and Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Combining Balance Sheet - Nonmajor Special Revenue Funds, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Nonmajor Special Revenue Funds, Combining Balance Sheet - Capital Project Accounts, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Capital Project Accounts, Schedule of Changes in Special Revenue Fund, Student Activity Accounts, Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund, Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
May 30, 2012

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

As management of the Clinton Community School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- General revenues accounted for \$42,273,467 of the government-wide revenue, or 81.6% of all fiscal year 2011 revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$9,022,857 or 17.4% of total fiscal year 2011 revenues, while insurance collections accounted for the remaining 1%.
- The District had \$46,728,119 in expenses related to governmental activities; of which \$7,173,241 of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$42,273,467 provided for the remaining costs of these programs.
- A decline in interest rates during the past three fiscal years has resulted in a decrease in interest earnings. Interest earnings in fiscal year 2011 totaled \$54,675 compared to \$84,316 in fiscal year 2010.

The following actions were taken by the Board of Education during 2010-2011 and impacted the financial position of the district:

1. The Buildings/Trades class sold their school built house for \$159,900. Board approved the class to begin the construction of a new house.
2. Agreed to approve Camanche Community School students to participate in Clinton's High School Dropout Alternative Program.
3. Agreement with Clinton Community College to admit Clinton High School students into the Nursing Program.
4. Received \$904,000 of Federal Stimulus funding for Educational Jobs over the next two years.
5. Sold 11,222 sq. ft. of land located in the Broadmoor Addition for \$15,000.
6. Completed air conditioning project at Whittier and Bluff elementary schools at a cost of \$2,067,600 paid from the 1 cent sales tax funding.
7. Received approval for \$871,212 modified allowable growth from School Budget Review Committee of Dropout Prevention.
8. Sold Elijah Buell property for \$5,600.
9. Harding Elementary building reverted back to the District.
10. Capital project schedule was devised and funding designated for each project.
11. Sold the FY12 Buildings/Trades house for \$175,000 – to be finished per buyers' specifications.
12. Approved the Certified Budget for FY12:
 - a. \$.33/\$1,000 assessed valuation for PPEL
 - b. ISL levy to remain at 10 with a 9% income surtax rate.
 - c. Approved a Cash Reserve levy of \$294,000
 - d. Approved a levy of \$590,108 for FY12 Management Fund
 - e. Total levy rate of \$16.78858
13. Eagle Heights raised funds for a Therapy Dog.
14. Received a second \$500,000 from EMC for insurance on embezzlement.
15. Board approved moving the Administration Center from Roosevelt Building to the Harding Elementary school site. Supt. Olson was directed to proceed with plans to renovate the Harding building.
16. Approved bid for Phase II of Clinton High School renovations at \$4,407,383.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Clinton Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Clinton Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Clinton Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

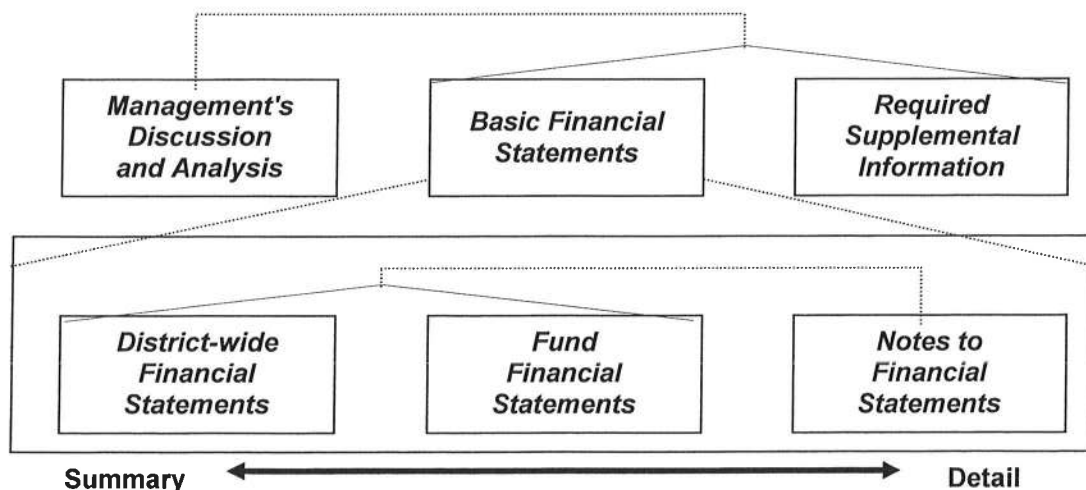
Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplemental Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplemental Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Clinton Community School District Annual Financial Report



**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2				
Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

The government-wide financial statements can be found on pages 17 through 19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of resources that can be spent, as well as on balances of resources that can be spent, that are available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 21 and 24, respectively.

The District maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects, and Debt Service Funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 20 and 22-23 of this report.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Proprietary funds. Proprietary funds are used to account for activities that are similar to private business activities. Proprietary funds are reported in the same manner as the government-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provides more detail and additional information, such as cash flows. The District has two enterprise funds: School Nutrition and Student Construction. The District's internal service funds are used to account for health benefits for District employees and print shop activities. The internal service funds are allocated to the governmental activities column on the statement of activities. The required financial statements for proprietary funds include a statement of net assets; a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

The basic proprietary fund financial statements can be found on pages 25-29 of this report.

Fiduciary funds. The District is the trustee, or fiduciary, for assets that belong to others. The District has one agency fund.

Agency Funds - These are funds through which the District accounts for assets held by the District as an agent for individuals, private organizations, and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31-48 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. The District did not amend its budget during fiscal year 2011. A budgetary comparison statement has been provided as required supplemental information.

The required supplemental information can be found on pages 49-52 of this report.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$33,820,608 as of June 30, 2011.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition, refinancing and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2011 compared to June 30, 2010.

	Governmental Activities		Business-type Activities		Total School District	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 49,995,209	\$ 54,022,833	\$ 1,577,007	\$ 1,392,880	\$ 51,572,216	\$ 55,415,713
Capital assets	41,638,710	34,989,663	591,302	678,819	42,230,012	35,668,482
Total assets	91,633,919	89,012,496	2,168,309	2,071,699	93,802,228	91,084,195
Current and other liabilities	25,029,326	21,468,942	36,009	18,419	25,065,335	21,487,361
Long-term liabilities	34,891,441	39,036,438	24,844	23,498	34,916,285	39,059,936
Total liabilities	59,920,767	60,505,380	60,853	41,917	59,981,620	60,547,297
Invested in capital assets, net of related debt	31,795,575	29,008,830	591,302	678,819	32,386,877	29,687,649
Restricted	1,500,586	28,377,737	-	-	1,500,586	28,377,737
Unrestricted	(1,583,009)	(28,879,451)	1,516,154	1,350,963	(66,855)	(27,528,488)
Total net assets	\$ 31,713,152	\$ 28,507,116	\$ 2,107,456	\$ 2,029,782	\$ 33,820,608	\$ 30,536,898

A portion of the District's net assets (95.8%) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The government-wide statements also include \$34,916,285 in long-term liabilities (see Note 5 on pages 39-43), including general obligation bonds, revenue bonds, notes payable, compensated absences payable and other post employment benefits payable.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets were \$1,500,586 at year end.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$(66,855) at year end.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Changes in net assets. The District's total revenue for the fiscal year ended June 30, 2011 was \$51,796,324 compared to \$51,859,048 at June 30, 2010. The total cost of all programs and services for fiscal year 2011 was \$48,512,614 compared to \$49,628,306 in fiscal year 2010. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total School District	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues						
Charges for service	\$ 723,605	\$ 1,030,998	\$ 634,020	\$ 740,063	\$ 1,357,625	\$ 1,771,061
Operating grants, contributions and restricted interest	6,188,027	9,031,007	1,215,596	1,189,055	7,403,623	10,220,062
Capital grants, contributions and restricted interest	261,609	-	-	-	261,609	-
General revenues						
Property and mobile home taxes	14,556,414	13,251,176	-	-	14,556,414	13,251,176
Statewide sales, services and use tax	3,302,527	3,188,663	-	-	3,302,527	3,188,663
Unrestricted state aid	21,983,874	19,029,438	-	-	21,983,874	19,029,438
AEA flowthrough	1,805,505	1,786,325	-	-	1,805,505	1,786,325
Unrestricted investment earnings	54,675	84,316	-	-	54,675	84,316
Miscellaneous	570,472	2,028,007	-	-	570,472	2,028,007
Total revenues	49,446,708	49,429,930	1,849,616	1,929,118	51,296,324	51,359,048
Expenses						
Instruction	29,661,623	31,085,853	-	-	29,661,623	31,085,853
Support services						
Student services	2,213,811	2,289,729	-	-	2,213,811	2,289,729
Instructional staff services	1,327,540	1,439,645	-	-	1,327,540	1,439,645
Administration services	4,346,634	4,728,442	-	-	4,346,634	4,728,442
Plant operation and maintenance	4,119,106	3,925,832	-	-	4,119,106	3,925,832
Student transportation	1,492,069	1,668,656	-	-	1,492,069	1,668,656
Non-instructional programs	27,196	27,723	1,784,495	1,829,406	1,811,691	1,857,129
Other expenditures						
Facilities acquisition	267,441	84,703	-	-	267,441	84,703
Long-term debt interest	1,467,194	761,992	-	-	1,467,194	761,992
AEA flowthrough	1,805,505	1,786,325	-	-	1,805,505	1,786,325
Total expenses	46,728,119	47,798,900	1,784,495	1,829,406	48,512,614	49,628,306
Increase in net assets before special items and transfers	2,718,589	1,631,030	65,121	99,712	2,783,710	1,730,742
Special item, missppropriated collections	500,000	500,000	-	-	500,000	500,000
Transfers	(12,553)	-	12,553	-	-	-
Change in net assets	3,206,036	2,131,030	77,674	99,712	3,283,710	2,230,742
Net assets, beginning of year	28,507,116	26,376,086	2,029,782	1,930,070	30,536,898	28,306,156
Net assets, end of year	\$ 31,713,152	\$ 28,507,116	\$ 2,107,456	\$ 2,029,782	\$ 33,820,608	\$ 30,536,898

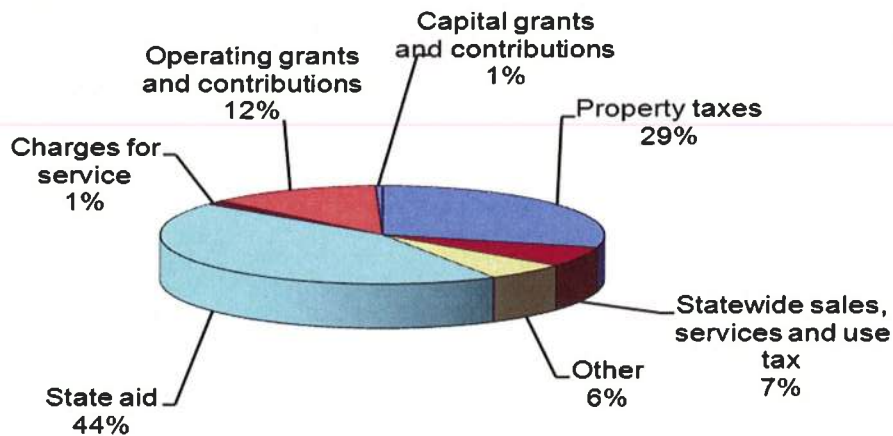
**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Governmental Activities

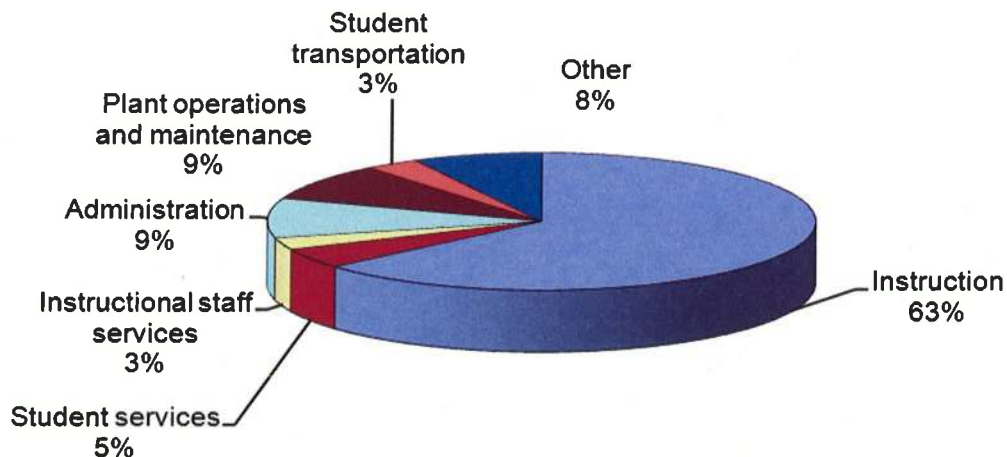
Unrestricted state aid, property taxes, and operating grants and contributions are the primary sources of revenue for the District accounting for approximately 86% of total governmental revenues.

Instruction constitutes the largest portion of expenditures at \$29,661,623. The District offers a wide array of programs including general education, special education, vocational and college preparatory classes. The purely administrative activities of the District accounted for approximately 9% of total costs.

Revenues - Governmental Activities



Expenses - Governmental Activities



**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

The following table presents the cost of the District's functional governmental activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$ 29,661,623	\$ 31,085,853	-4.6%	\$ 23,975,976	\$ 22,478,921	6.7%
Support services						
Student services	2,213,811	2,289,729	-3.3%	1,063,388	906,828	17.3%
Instructional staff services	1,327,540	1,439,645	-7.8%	1,297,501	1,437,073	-9.7%
Administration services	4,346,634	4,728,442	-8.1%	4,346,634	4,728,442	-8.1%
Plant operation and maintenance	4,119,106	3,925,832	4.9%	4,110,982	3,917,148	4.9%
Student transportation	1,492,069	1,668,656	-10.6%	1,193,061	1,607,740	-25.8%
Non-instructional programs	27,196	27,723	-1.9%	27,196	27,723	-1.9%
Other expenditures						
Facilities acquisition	267,441	84,703	215.7%	267,441	84,703	215.7%
Long-term debt interest	1,467,194	761,992	92.5%	1,467,194	761,992	92.5%
AEA flowthrough	1,805,505	1,786,325	1.1%	1,805,505	1,786,325	1.1%
Total expenses	\$ 46,728,119	\$ 47,798,900	-2.2%	\$ 39,554,878	\$ 37,736,895	4.8%

- The cost of all governmental activities this year was \$46,728,119.
- Federal and state governments and charges for services subsidized certain governmental activities with grants and contributions totaling \$7,173,241.
- The net cost of governmental activities of \$39,554,878 was financed by general revenues, which are made up of primarily property and statewide sales, services and use tax (\$17.9 million) and state aid (\$22.0 million). Investment earnings and miscellaneous sources accounted for \$2.4 million.

Business-type activities

Revenues for business-type activities during the year ended June 30, 2011 were \$1,849,616, representing a 4.1% decrease over the prior year, while expenses totaled \$1,784,495, a 2.5% decrease over the prior year. The District's business-type activities include the Student Construction and School Nutrition Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

The School Nutrition Fund's primary expenses are staff and commodities. The District's free and reduced participation decreased during the fiscal year. The decrease in revenues is due to less paid participation, while the decrease in expenses was due to less purchased program supplies and more commodities available. The School Nutrition Fund had a change in net assets of approximately \$41,578 for fiscal year 2011.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$18,655,785, compared to an ending fund balance of \$25,788,965 at June 30, 2010.

Governmental Fund Highlights

The General Fund is the principal operating fund of the District. The General Fund increased its fund balance by \$1,950,414 during fiscal year 2011. This increase was primarily due to federal stimulus funds and additional grants awarded.

The Capital Projects fund balance decreased by \$9,045,830 during the fiscal year. This decrease was due to ongoing payments for construction projects as they progress.

The Debt Service Fund balance decreased by \$110,783 during fiscal year 2011 due to bond payments and debt reduction.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$1,836,168 at June 30, 2010 to \$1,877,746 at June 30, 2011, representing an increase of approximately 2.3%. The increase in net assets is due to less purchased program supplies and more commodities available.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District did not amend its annual operating budget.

The District's total actual receipts were approximately \$5.7 million less than the total budgeted receipts, a variance of 9.8%. The most significant change resulted in the District receiving less in state grants than originally anticipated. The District's total actual expenditures were approximately \$20.0 million less than the total budgeted expenditures, a variance of 25.0%. This variance is due primarily to budgeted cuts and tighter monitoring of budget details.

Total expenditures were less than budgeted over all. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplemental information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and other governmental funds are not presented in the budgetary comparison on pages 50-51.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District had invested \$42,230,012 in capital assets, including land, construction in progress, school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$7,905,536 million from last year. Total depreciation expense for the year was \$1,344,006.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2011.

Capital Assets	Governmental Activities		Business-type Activities		Total School District	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,860,229	\$ 1,805,229	\$ -	\$ -	\$ 1,860,229	\$ 1,805,229
Construction in progress	9,184,872	2,401,845	146,462	192,906	9,331,334	2,594,751
Land improvements	2,405,561	1,589,338	-	-	2,405,561	1,589,338
Buildings	26,862,803	27,733,585	-	-	26,862,803	27,733,585
Furniture and Equipment	612,605	672,406	444,840	485,913	1,057,445	1,158,319
Buses	712,640	787,260	-	-	712,640	787,260
Total assets	\$ 41,638,710	\$ 34,989,663	\$ 591,302	\$ 678,819	\$ 42,230,012	\$ 35,668,482

Additional information on the District's capital assets can be found in Note 4 on pages 38-39 of this report.

Debt Administration. At year-end, the District had \$34,891,441 in general obligation bonds, revenue bonds and other long-term debt outstanding, of which \$1,274,425 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal years ended June 30, 2011 and June 30, 2010, respectively.

	Total Cost School District		Total Change 2010-2011
	2011	2010	
General obligation bonds	\$ 3,852,760	\$ 4,430,000	-13.0%
Quality zone academy bonds	-	1,000,000	-100.0%
Revenue bonds	29,835,378	32,554,355	-8.4%
Notes payable	40,000	60,000	-33.3%
Compensated absences	464,973	407,407	14.1%
Net OPEB liability	723,174	608,174	18.9%
	<u>\$ 34,916,285</u>	<u>\$ 39,059,936</u>	<u>-10.6%</u>

State statutes currently limit the amount of general obligation debt a district may issue to 5 percent of its total assessed valuation. The current debt limitation for the District is \$47.1 million, which is more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 5 on pages 39-43 of this report.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of four existing circumstances that could significantly affect its financial health in the future:

- District enrollment decreased in fiscal year 2010-2011 by 55 students, this negative note is exacerbated by an increase of an additional 36 students in the open enrolled out program bringing that total to 280 students for fiscal year 2010-11. The open enrolled in students changed from 48 the previous year to 43 resulting in less tuition paid to Clinton Schools. Under Iowa's school funding formula, District funding for the next year is highly dependent upon the District's enrollment on student count day in October. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The certified teaching staff was increased by 20.8 teachers for FY11. The total certified staff for fiscal year 2011 was 333.
- Clinton Community School District qualified for the State's 4 year old pre-school program with 330 students participating. That was an increase of 49 students.
- An embezzlement was discovered in January 2010. Over a four year period of time, it was determined \$1.2 million had been embezzled. Insurance proceeds were received for \$1 million. Remaining lost funds are expected to be received at a later date.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Office, Clinton Community School District, 600 South 4th Street, Clinton, Iowa 52732.

BASIC FINANCIAL STATEMENTS

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,284,526	\$ 1,437,034	\$ 13,721,560
Investments	17,904,639	-	17,904,639
Property taxes receivable			
Current year delinquent	820,085	-	820,085
Succeeding year	15,030,067	-	15,030,067
Other receivables	850,594	1,443	852,037
Prepays	3,550	-	3,550
Due from other governments	3,027,687	30,264	3,057,951
Inventories	74,061	108,266	182,327
Capital assets, net of accumulated depreciation	41,638,710	591,302	42,230,012
Total assets	<u>91,633,919</u>	<u>2,168,309</u>	<u>93,802,228</u>
LIABILITIES			
Accounts payable	2,611,368	15,606	2,626,974
Accrued payroll and deductions	4,257,686	8,127	4,265,813
Accrued interest payable	634,852	-	634,852
Deferred revenue	17,525,420	12,276	17,537,696
Long-term liabilities			
Portion due within one year:			
Bonds and notes payable	834,296	-	834,296
Compensated absences payable	440,129	24,844	464,973
Portion due after one year:			
Bonds and notes payable, net of discount	32,893,842	-	32,893,842
Net OPEB liability	723,174	-	723,174
Total liabilities	<u>59,920,767</u>	<u>60,853</u>	<u>59,981,620</u>
NET ASSETS			
Investment in capital assets, net of related debt	31,795,575	591,302	32,386,877
Restricted for:			
Categorical funding	766,360	-	766,360
Management levy purposes	438,793	-	438,793
Physical plant and equipment levy	140,585	-	140,585
Debt service	154,848	-	154,848
Unrestricted	(1,583,009)	1,516,154	(66,855)
Total net assets	<u>\$ 31,713,152</u>	<u>\$ 2,107,456</u>	<u>\$ 33,820,608</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Expenses	Charges for Service	Program Revenues	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Governmental activities:				
Instruction				
Regular instruction	\$ 14,565,148	\$ 395,969	\$ 4,984,136	\$ -
Special instruction	9,709,348	-	-	-
Other instruction	5,387,127	302,236	3,306	-
	<u>29,661,623</u>	<u>698,205</u>	<u>4,987,442</u>	<u>-</u>
Support services				
Student services	2,213,811	-	1,150,423	-
Instructional staff services	1,327,540	4,741	25,298	-
General administration	718,104	-	-	-
Building administration	2,284,416	-	-	-
Business administration	1,344,114	-	-	-
Plant operations and maintenance	4,119,106	8,124	-	-
Student transportation	1,492,069	12,535	24,864	261,609
	<u>13,499,160</u>	<u>25,400</u>	<u>1,200,585</u>	<u>261,609</u>
Non-instructional programs	<u>27,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures				
Facilities acquisition	267,441	-	-	-
Long-term debt interest	1,467,194	-	-	-
AEA flowthrough	1,805,505	-	-	-
	<u>3,540,140</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>46,728,119</u>	<u>723,605</u>	<u>6,188,027</u>	<u>261,609</u>
Business-type activities:				
Non-instructional programs				
Nutrition services	1,783,070	609,052	1,215,596	-
Student construction	1,425	24,968	-	-
Total business-type activities	<u>1,784,495</u>	<u>634,020</u>	<u>1,215,596</u>	<u>-</u>
Total	<u>\$ 48,512,614</u>	<u>\$ 1,357,625</u>	<u>\$ 7,403,623</u>	<u>\$ 261,609</u>

General revenues:

- Property and mobile home taxes
- Statewide sales, services and use tax
- Unrestricted state aid
- AEA flowthrough
- Unrestricted investment earnings
- Miscellaneous
- Total general revenues

**INCREASE IN NET ASSETS BEFORE
SPECIAL ITEMS AND TRANSFERS**

Special item, missppropriated collections

Transfers

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING OF YEAR

NET ASSETS, END OF YEAR

See notes to financial statements.

EXHIBIT B

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (9,185,043)	\$ -	\$ (9,185,043)
(9,709,348)	-	(9,709,348)
(5,081,585)	-	(5,081,585)
(23,975,976)	-	(23,975,976)
(1,063,388)	-	(1,063,388)
(1,297,501)	-	(1,297,501)
(718,104)	-	(718,104)
(2,284,416)	-	(2,284,416)
(1,344,114)	-	(1,344,114)
(4,110,982)	-	(4,110,982)
(1,193,061)	-	(1,193,061)
(12,011,566)	-	(12,011,566)
(27,196)	-	(27,196)
(267,441)	-	(267,441)
(1,467,194)	-	(1,467,194)
(1,805,505)	-	(1,805,505)
(3,540,140)	-	(3,540,140)
(39,554,878)	-	(39,554,878)
-	41,578	41,578
-	23,543	23,543
-	65,121	65,121
(39,554,878)	65,121	(39,489,757)
14,556,414	-	14,556,414
3,302,527	-	3,302,527
21,983,874	-	21,983,874
1,805,505	-	1,805,505
54,675	-	54,675
570,472	-	570,472
42,273,467	-	42,273,467
2,718,589	65,121	2,783,710
500,000	-	500,000
(12,553)	12,553	-
3,206,036	77,674	3,283,710
28,507,116	2,029,782	30,536,898
\$ 31,713,152	\$ 2,107,456	\$ 33,820,608

CLINTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

EXHIBIT C

ASSETS

	General	Capital Projects	Debt Service	Nonmajor	Total
Cash and cash equivalents	\$ 1,910,697	\$ 4,912,110	\$ -	\$ 520,507	\$ 7,343,314
Investments	1,069,062	16,835,573	4	-	17,904,639
ISCAP	-	-	-	-	-
Current year delinquent	733,385	16,415	37,403	32,882	820,085
Succeeding year	13,448,826	310,564	680,569	590,108	15,030,067
Accrued interest receivable	-	-	-	-	-
Prepays	3,550	-	-	-	3,550
Due from other governments	2,499,234	528,453	-	-	3,027,687
TOTAL ASSETS	\$ 19,677,355	\$ 22,618,815	\$ 717,976	\$ 1,143,602	\$ 44,157,748

LIABILITIES AND FUND BALANCES (DEFICIT)

Liabilities					
Cash overdrafts	\$ -	\$ 397,314	\$ 19,157	\$ 627,300	\$ 1,043,771
Accounts payable	675,748	1,247,538	750	20,931	1,944,967
Accrued payroll and deductions	4,255,592	-	-	615	4,256,207
Deferred revenue					
Succeeding year property tax	13,448,826	310,564	680,569	590,108	15,030,067
Other	3,161,679	12,676	27,779	24,817	3,226,951
Total liabilities	21,541,845	1,968,092	728,255	1,263,771	25,501,963

Fund balances (deficit)

Nonspendable:					
Prepaid expenditures	3,550	-	-	-	3,550
Restricted for:					
Categorical funding	766,360	-	-	-	766,360
Debt service	-	-	-	-	-
School infrastructure	-	20,950,038	-	-	20,950,038
Physical plant and equipment	-	86,330	-	-	86,330
Other purposes	-	-	-	56,847	56,847
Unassigned	(2,634,400)	(385,645)	(10,279)	(643,814)	(3,674,138)
Total fund balances (deficit)	(1,864,490)	20,650,723	(10,279)	(120,169)	18,655,785

TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)

\$ 19,677,355	\$ 22,618,815	\$ 717,976	\$ 1,143,602	\$ 44,157,748
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See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011**

Total fund balances of governmental funds (page 20) **\$ 18,655,785**

***Amounts reported for governmental activities in the
Statement of Net Assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 41,635,271

Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds. 731,598

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (634,852)

The Internal Service Funds are used by management to charge the costs of self funding the District's health insurance benefit plan and print shop activities to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Capital assets	\$ 3,439	
Remaining assets and liabilities	<u>6,213,352</u>	6,216,791

Long-term liabilities, including bonds and notes payable, compensated absences, and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (34,891,441)

Net assets of governmental activities (page 17) **\$ 31,713,152**

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES					
Local sources					
Taxes	\$13,535,094	\$ 3,581,653	\$ 720,449	\$ 584,163	\$ 18,421,359
Tuition	325,023	-	-	-	325,023
Other	867,481	141,110	880	485,208	1,494,679
State sources	26,648,925	163	419	356	26,649,863
Federal sources	3,504,938	-	-	-	3,504,938
Total revenues	44,881,461	3,722,926	721,748	1,069,727	50,395,862
EXPENDITURES					
Current operating:					
Instruction					
Regular instruction	13,691,261	-	-	243,500	13,934,761
Special instruction	9,803,544	-	-	-	9,803,544
Other instruction	5,000,431	14,449	-	431,227	5,446,107
Total instruction	28,495,236	14,449	-	674,727	29,184,412
Support services					
Student services	2,227,993	-	-	5,628	2,233,621
Instructional staff services	1,356,898	-	-	-	1,356,898
General administration	682,740	6,402	-	38,280	727,422
Building administration	2,252,313	-	-	-	2,252,313
Business administration	1,344,293	10,134	-	286	1,354,713
Plant operations and maintenance	3,905,481	262	-	229,582	4,135,325
Student transportation	1,394,059	-	-	45,174	1,439,233
Total support services	13,163,777	16,798	-	318,950	13,499,525

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Capital Projects	Debt Service	Nonmajor	Total
Non-instructional programs	\$ 150	\$ -	\$ -	\$ 3,031	\$ 3,181
Other expenditures	-	7,929,633	-	-	7,929,633
Facilities acquisition	-	-	4,444,251	-	4,444,251
Long-term debt	-	-	1,259,157	-	1,259,157
Principal	1,805,505	-	-	-	1,805,505
Interest and finance charges	1,805,505	7,929,633	5,703,408	-	15,438,546
AEA flow through					
Total other expenditures	43,464,668	7,960,880	5,703,408	996,708	58,125,664
Total expenditures	1,416,793	(4,237,954)	(4,981,660)	73,019	(7,729,802)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds	-	-	4,405,000	-	4,405,000
Premium on bonds	-	-	66,063	-	66,063
Principal payment - refunding bonds	-	-	(4,430,000)	-	(4,430,000)
Proceeds of notes payable	68,112	-	-	-	68,112
Transfers in	-	29,612	4,829,814	-	4,859,426
Transfers out	(34,491)	(4,837,488)	-	-	(4,871,979)
Total other financing sources (uses)	33,621	(4,807,876)	4,870,877	-	96,622
Special item, misappropriated collections	500,000	-	-	-	500,000
NET CHANGE IN FUND BALANCES (DEFICIT)	1,950,414	(9,045,830)	(110,783)	73,019	(7,133,180)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(3,814,904)	29,696,553	100,504	(193,188)	25,788,965
FUND BALANCES (DEFICIT), END OF YEAR	\$ (1,864,490)	\$ 20,650,723	\$ (10,279)	\$ (120,169)	\$ 18,655,785

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

Net change in fund balances - total governmental funds (page 23) **\$ (7,133,180)**

***Amounts reported for governmental activities in the
Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 7,922,757	
Depreciation expense	<u>(1,273,253)</u>	6,649,504

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the government-wide statement of activities.

Issued, less bond premium		(4,539,175)
Repaid		8,874,251
Amortization of premiums, discounts and bond issuance costs		<u>(18,859)</u>

Some receivables will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred revenues. They are, however, recorded as revenues in the statement of activities.

(949,154)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

Change in accrued interest payable		(189,178)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in accounts payable	120,717	
Change in compensated absences	(56,220)	
Change in other post employment benefits	<u>(115,000)</u>	(50,503)

The Internal Service Funds are used by management to charge the costs of employee health benefits and printing to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities.

Depreciation expense	(457)	
Net revenue of remaining accounts	<u>562,787</u>	<u>562,330</u>

Change in net assets of governmental activities (page 19) **\$ 3,206,036**

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Enterprise Funds			Internal Service Funds			Total Internal Service
	School Nutrition	Nonmajor Student Construction	Total Enterprise	Insurance	Print Shop		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,350,777	\$ 86,257	\$ 1,437,034	\$ 6,195,489	\$ -	\$ 6,195,489	
Other receivables	1,443	-	1,443	821,780	408	822,188	
Due from other governments	30,264	-	30,264	-	-	-	
Inventories	108,266	-	108,266	-	74,061	74,061	
Total current assets	1,490,750	86,257	1,577,007	7,017,269	74,469	7,091,738	
Noncurrent assets:							
Land and construction in progress	-	146,462	146,462	-	-	-	
Furniture and equipment	910,775	-	910,775	-	51,239	51,239	
Less accumulated depreciation	(465,935)	-	(465,935)	-	(47,800)	(47,800)	
Total noncurrent assets	444,840	146,462	591,302	-	3,439	3,439	
Total assets	1,935,590	232,719	2,168,309	7,017,269	77,908	7,095,177	
LIABILITIES							
Cash overdrafts	-	-	-	-	210,506	210,506	
Accounts payable	12,597	3,009	15,606	122,264	4,137	126,401	
Accrued payroll and deductions	8,127	-	8,127	-	1,479	1,479	
Compensated absences payable	24,844	-	24,844	-	-	-	
Claims payable	-	-	-	540,000	-	540,000	
Deferred revenue	12,276	-	12,276	-	-	-	
Total liabilities	57,844	3,009	60,853	662,264	216,122	878,386	
NET ASSETS							
Invested in capital assets	444,840	146,462	591,302	-	3,439	3,439	
Unrestricted	1,432,906	83,248	1,516,154	6,355,005	(141,653)	6,213,352	
Total net assets	\$ 1,877,746	\$ 229,710	\$ 2,107,456	\$ 6,355,005	\$ (138,214)	\$ 6,216,791	

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	<u>Enterprise Funds</u>		
		<u>Nonmajor</u>	
		<u>Student</u>	
	<u>School Nutrition</u>	<u>Construction</u>	<u>Total</u>
			<u>Enterprise</u>
OPERATING REVENUES			
Local sources			
Food service sales	\$ 605,837	\$ -	\$ 605,837
Charges to other funds	-	-	-
Other	3,215	24,968	28,183
Total operating revenues	<u>609,052</u>	<u>24,968</u>	<u>634,020</u>
OPERATING EXPENSES			
Non-instructional programs			
Food service operations			
Salaries	634,509	-	634,509
Employee benefits	170,315	-	170,315
Other purchased services	48,425	-	48,425
Supplies	859,525	1,425	860,950
Depreciation	70,296	-	70,296
Other operating costs	-	-	-
Total operating expenses	<u>1,783,070</u>	<u>1,425</u>	<u>1,784,495</u>
Operating income (loss)	<u>(1,174,018)</u>	<u>23,543</u>	<u>(1,150,475)</u>
NON-OPERATING REVENUES			
State sources	16,197	-	16,197
Federal sources			
Federal food commodities	101,945	-	101,945
Federal subsidy	1,097,454	-	1,097,454
Total non-operating revenues	<u>1,215,596</u>	<u>-</u>	<u>1,215,596</u>
OTHER FINANCING SOURCES			
Transfers in	-	12,553	12,553
NET INCOME (LOSS)	41,578	36,096	77,674
NET ASSETS, BEGINNING OF YEAR	<u>1,836,168</u>	<u>193,614</u>	<u>2,029,782</u>
NET ASSETS, END OF YEAR	<u>\$ 1,877,746</u>	<u>\$ 229,710</u>	<u>\$ 2,107,456</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Internal Service Funds		Total Internal Service
	Insurance	Print Shop	
OPERATING REVENUES			
Local sources			
Food service sales	\$ -	\$ -	\$ -
Charges to other funds	6,122,877	119,849	6,242,726
Other	75,651	188	75,839
Total operating revenues	6,198,528	120,037	6,318,565
OPERATING EXPENSES			
Non-instructional programs			
Food service operations			
Salaries	-	55,527	55,527
Employee benefits	-	23,733	23,733
Other purchased services	-	66,001	66,001
Supplies	-	44,716	44,716
Depreciation	-	457	457
Other operating costs	5,565,801	-	5,565,801
Total operating expenses	5,565,801	190,434	5,756,235
Operating income (loss)	632,727	(70,397)	562,330
NON-OPERATING REVENUES			
State sources	-	-	-
Federal sources			
Federal food commodities	-	-	-
Federal subsidy	-	-	-
Total non-operating revenues	-	-	-
OTHER FINANCING SOURCES			
Transfers in	-	-	-
NET INCOME (LOSS)	632,727	(70,397)	562,330
NET ASSETS, BEGINNING OF YEAR	5,722,278	(67,817)	5,654,461
NET ASSETS, END OF YEAR	\$ 6,355,005	\$ (138,214)	\$ 6,216,791

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Enterprise Funds			Total Enterprise	Internal Service Funds			Total Internal Service
	School Nutrition	Nonmajor Student Construction			Insurance	Print Shop		
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from sale of lunches and breakfasts	\$ 604,243	\$ -		\$ 604,243	\$ -	\$ -	\$ -	
Cash received from operating fund reimbursements	3,215	24,968		28,183	6,178,014	120,037	6,298,051	
Cash payments to employees for services	(801,144)	-		(801,144)	-	892	892	
Cash payments to suppliers for goods and services	(782,949)	1,584		(781,365)	(5,523,553)	(188,373)	(5,711,926)	
Net cash provided by (used in) operating activities	(976,635)	26,552		(950,083)	654,461	(67,444)	587,017	
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
Operating transfers in	-	12,553		12,553	-	-	-	
Operating grants received	1,097,965	-		1,097,965	-	-	-	
Net cash provided by non-capital financing activities	1,097,965	12,553		1,110,518	-	-	-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchase of equipment/construction in progress	(29,223)	46,444		17,221	-	-	-	
Net cash provided by (used in) capital and related financing activities	(29,223)	46,444		17,221	-	-	-	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	92,107	85,549		177,656	654,461	(67,444)	587,017	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,258,670	708		1,259,378	5,541,028	(143,062)	5,397,966	
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,350,777	\$ 86,257		\$ 1,437,034	\$ 6,195,489	\$ (210,506)	\$ 5,984,983	

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

Enterprise Funds		Internal Service Funds			Total Internal Service
School Nutrition	Nonmajor Student Construction	Total Enterprise	Insurance	Print Shop	
\$ (1,174,018)	\$ 23,543	\$ (1,150,475)	\$ 632,727	\$ (70,397)	\$ 562,330
112,603	-	112,603	-	-	-
70,296	-	70,296	-	457	457
(1,443)	-	(1,443)	(20,514)	(408)	(20,922)
-	-	-	-	(2,125)	(2,125)
12,398	3,009	15,407	87,248	4,137	91,385
2,334	-	2,334	-	892	892
1,346	-	1,346	-	-	-
-	-	-	(45,000)	-	-
(151)	-	(151)	-	-	(45,000)
\$ (976,635)	\$ 26,552	\$ (950,083)	\$ 654,461	\$ (67,444)	\$ 587,017

RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating income (loss)
Adjustments to reconcile operating income (loss)
to net cash provided by (used in) operating activities:
Commodities used
Depreciation
(Increase) decrease in other receivables
(Increase) decrease in inventories
Increase (decrease) in accounts payable
Increase (decrease) in accrued payroll and deductions
Increase (decrease) in compensated absences payable
Increase (decrease) in claims payable
Increase (decrease) in deferred revenues

Net cash provided by (used in) operating activities

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year ended June 30, 2011, the District received \$101,945 of federal commodities.

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011**

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,522</u>
LIABILITIES	
Due to other groups	<u>\$ 2,522</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Clinton Community School District is a political subdivision of the State of Iowa and provides elementary and secondary education to the citizens within the District. The District encompasses an area of approximately 18 square miles of the City of Clinton's 34.75 square miles. Within the District are eight schools, including four elementary schools for grades kindergarten to five, two middle schools for grades six to eight, one high school for grades nine to twelve, and one alternative high school. Financial accountability for the District's operations is vested with the independently elected Board of Education. Management of the District is appointed by and is accountable to the Board of Education. The District is an independent reporting entity, unaffiliated with the City of Clinton or other local government jurisdictions.

For financial reporting purposes, Clinton Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Clinton Community School District has no component units, which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the City's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, which can be removed or modified.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support, and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District's major proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports one fiduciary fund, which focuses on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations, and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenue (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (continued)

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments, and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (continued)

Capital Assets - Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Land	\$ 500
Land improvements	500
Buildings	500
Furniture and equipment	500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Impairment of Long-Lived Assets - The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within 60 days after year end.

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (continued)

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Restricted Net Assets - In the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplemental Information.

F. Subsequent Events

Management has evaluated subsequent events through May 30, 2012, the date the financial statements were available to be issued.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 2 - CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$17,904,639</u>

These investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

NOTE 3 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 34,491
Capital projects fund	29,612	4,837,488
Debt service fund	4,829,814	-
Student construction fund	12,553	-
Total	<u>\$ 4,871,979</u>	<u>\$ 4,871,979</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 was as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,805,229	\$ 55,000	\$ -	\$ 1,860,229
Construction in progress	<u>2,401,845</u>	<u>7,552,607</u>	<u>769,580</u>	<u>9,184,872</u>
Total capital assets not being depreciated	<u>4,207,074</u>	<u>7,607,607</u>	<u>769,580</u>	<u>11,045,101</u>
Capital assets being depreciated:				
Land improvements	2,601,408	877,972	-	3,479,380
Buildings	45,133,331	46,783	-	45,180,114
Furniture and equipment	7,177,844	64,174	-	7,242,018
Buses and other pupil transportation equipment	<u>2,413,012</u>	<u>95,801</u>	<u>-</u>	<u>2,508,813</u>
Total capital assets being depreciated	<u>57,325,595</u>	<u>1,084,730</u>	<u>-</u>	<u>58,410,325</u>
Less accumulated depreciation for:				
Land improvements	1,012,070	61,749	-	1,073,819
Buildings	17,399,746	917,565	-	18,317,311
Furniture and equipment	6,505,438	123,975	-	6,629,413
Buses and other pupil transportation equipment	<u>1,625,752</u>	<u>170,421</u>	<u>-</u>	<u>1,796,173</u>
Total accumulated depreciation	<u>26,543,006</u>	<u>1,273,710</u>	<u>-</u>	<u>27,816,716</u>
Total capital assets being depreciated, net	<u>30,782,589</u>	<u>(188,980)</u>	<u>-</u>	<u>30,593,609</u>
Governmental activities capital assets, net	<u>\$34,989,663</u>	<u>\$ 7,418,627</u>	<u>\$ 769,580</u>	<u>\$41,638,710</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 192,906	\$ 83,500	\$ 129,944	\$ 146,462
Capital assets being depreciated:				
Furniture and equipment	881,552	29,223	-	910,775
Less accumulated depreciation	<u>395,639</u>	<u>70,296</u>	<u>-</u>	<u>465,935</u>
Capital assets being depreciated, net:	<u>485,913</u>	<u>(41,073)</u>	<u>-</u>	<u>444,840</u>
Business-type activities capital assets, net	<u>\$ 678,819</u>	<u>\$ 42,427</u>	<u>\$ 129,944</u>	<u>\$ 591,302</u>

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular

\$ 942,331

Support services:

General administration

49,852

Plant operations and maintenance

36,448

Student transportation

166,717

Instructional staff services

84

Non-instructional

24,471

Facilities acquisition

53,807

Total depreciation expense - governmental activities

\$ 1,273,710

Business-type activities:

School nutrition:

Food service operations

\$ 70,296

NOTE 5 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,430,000	\$ 4,405,000	\$ 5,045,000	\$ 3,790,000	\$ 580,000
QZAB bonds	1,000,000	-	1,000,000	-	-
Revenue bonds	32,975,435	-	2,741,139	30,234,296	234,296
Notes payable	60,000	-	20,000	40,000	20,000
Compensated absences	383,909	314,916	258,696	440,129	440,129
Net OPEB liability	608,174	115,000	-	723,174	-
Plus bond premium	-	66,063	3,303	62,760	-
Less bond discount	421,080	-	(22,162)	398,918	-
Total	<u>\$39,036,438</u>	<u>\$ 4,900,979</u>	<u>\$ 9,045,976</u>	<u>\$ 34,891,441</u>	<u>\$ 1,274,425</u>
Business-type activities:					
Compensated absences	<u>\$ 23,498</u>	<u>\$ 8,960</u>	<u>\$ 7,614</u>	<u>\$ 24,844</u>	<u>\$ 24,844</u>

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Refunding Bond Issue of 2010			
	Interest Rates	Principal	Interest	Total
2012	2.50%	\$ 580,000	\$ 100,220	\$ 680,220
2013	2.50	600,000	85,720	685,720
2014	2.75	620,000	70,720	690,720
2015	3.00	645,000	53,670	698,670
2016	2.40	665,000	34,320	699,320
2017	2.70	680,000	18,360	698,360
Total		<u>\$ 3,790,000</u>	<u>\$ 363,010</u>	<u>\$ 4,153,010</u>

On July 8, 2010, the District issued \$4,405,000 of general obligation refunding bonds, with interest rates ranging from 2.50% to 2.70%, for a current refunding of the general obligation bonds issued May 1, 2005. The District refunded the bonds to reduce its total debt service payments by approximately \$293,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$266,000.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds

Details of the District's June 30, 2011 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Series 2006			Series 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	4.70	\$ 99,656	\$ 392	4.75	\$ 111,753	\$ 440
2013		-	-		-	-
2014		-	-		-	-
2015		-	-		-	-
2016		-	-		-	-
2017-2021		-	-		-	-
2022-2026		-	-		-	-
Total		<u>\$ 99,656</u>	<u>\$ 392</u>		<u>\$ 111,753</u>	<u>\$ 440</u>

Year Ending June 30,	Series 2007A			Series 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	4.60	\$ 22,887	\$ 88	2.00	\$ -	\$ 1,258,785
2013		-	-	3.00	270,000	1,256,085
2014		-	-	3.00	1,315,000	1,233,660
2015		-	-	3.00	1,315,000	1,194,210
2016		-	-	3.00	1,320,000	1,154,685
2017-2021		-	-	3.75-4.10	7,045,000	5,068,375
2022-2026		-	-	4.25-4.75	8,620,000	3,477,329
2027-2030		-	-	4.75-5.00	10,115,000	1,190,669
Total		<u>\$ 22,887</u>	<u>\$ 88</u>		<u>\$30,000,000</u>	<u>\$ 15,833,798</u>

Year Ending June 30,	Total			
	Interest Rates	Principal	Interest	Total
2012	2.00-4.75%	\$ 234,296	\$ 1,259,705	\$ 1,494,001
2013	3.00	270,000	1,256,085	1,526,085
2014	3.00	1,315,000	1,233,660	2,548,660
2015	3.00	1,315,000	1,194,210	2,509,210
2016	3.00	1,320,000	1,154,685	2,474,685
2017-2021	3.75-4.10	7,045,000	5,068,375	12,113,375
2022-2026	4.25-4.75	8,620,000	3,477,329	12,097,329
2027-2030	4.75-5.00	10,115,000	1,190,669	11,305,669
Total		<u>\$ 30,234,296</u>	<u>\$ 15,834,718</u>	<u>\$ 46,069,014</u>

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

The District has pledged future statewide sales, services and use tax revenues to repay the \$12,550,000 bonds issued during the June 30, 2007 fiscal year. The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2012. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limit of the district. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$235,216. For the current year, total principal and interest paid was \$2,822,580 and total statewide sales, services and use tax revenues were \$3,302,527.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Fund.
- b) Monies in the Revenue Fund shall be disbursed to make deposits into a Sinking Fund to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Monies in the Revenue Fund shall next be disbursed to establish and maintain a Reserve Fund.
- d) Monies in the Revenue Fund shall next be deposited into a Redemption Fund until such time as all of the bonds have been discharged and satisfied.

The District has pledged future statewide sales, services and use tax revenues to repay the \$30,000,000 bonds issued during the June 30, 2010 fiscal year. The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limit of the district. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$45,833,798. For the current year, interest paid on the bonds totaled \$1,048,987. The District is required to begin making principal payments on the bonds in fiscal year 2013.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) The net bond proceeds shall be deposited in to a Project Fund for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Fund.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

- c) Monies in the Revenue Fund shall be disbursed to the Sinking Fund, Debt Service Reserve Fund and Surplus Revenue Fund in order of priority.
- d) The amount deposited in the Sinking Fund monthly shall be equal to 1/12th of the principal and 1/6th of the interest coming due on the Bonds.
- e) Upon settlement, from proceeds of the Bonds, the Debt Service Reserve Fund will be funded to a balance equal to the Reserve Fund Requirement. Moneys deposited in the Reserve Fund shall be used solely for the purpose of paying principal and interest on the Bonds or Parity Obligations.
- f) All money thereafter remaining in the Revenue Fund at the close of each month may be used to pay for other expenses of the Project, pay or redeem the Bonds or obligations, or for any lawful purpose.

Notes Payable

During the year ended June 30, 2009, the District issued School Equipment Notes to provide funds for the purchase of equipment. The notes bear interest at 3.64% per annum and are payable from the General Fund. Details of the District's indebtedness under the agreements in effect at June 30, 2011 are as follows:

Year Ending June 30,	School Equipment Purchase Notes		
	Principal	Interest	Total
2012	\$ 20,000	\$ 1,183	\$ 21,183
2013	<u>20,000</u>	<u>455</u>	<u>20,455</u>
Total	<u>\$ 40,000</u>	<u>\$ 1,638</u>	<u>\$ 41,638</u>

During the year ended June 30, 2011, the District made principal and interest payments totaling \$21,911 under the agreement.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments by fund as of June 30, 2011 are as follows:

	<u>General Fund</u>
State appropriations	
Decat	\$ 4,456
Prevention thru Mentoring	14,960
Transportation Aid - nonpublic students	13,971
Vocational Aid	1,009
Youth Mentoring	<u>22,385</u>
Total state appropriations	<u>56,781</u>
Federal appropriations	
21 st Century	113,104
Advanced Placement Program	456
Gaining Early Awareness	14,175
Medical Assistance Program	246,014
Perkins Grant	59,851
OJJDP	19,665
Safe and Drug Free Schools	612
Special Education - Grants to States - Part B	120,877
Title I	27,700
Title IIA	<u>170,011</u>
Total federal appropriations	<u>772,465</u>
Miscellaneous	
Income Surtax Receivable	1,560,627
Other local sources	<u>109,361</u>
Total miscellaneous	<u>1,669,988</u>
Total due from other governments	<u>\$ 2,499,234</u>
	<u>Capital Projects Fund</u>
Miscellaneous	
Statewide sales, services and use tax	<u><u>\$ 528,453</u></u>
	<u>School Nutrition Fund</u>
Federal appropriations	
Summer food program	<u><u>\$ 30,264</u></u>

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 - PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplemental information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the years ended June 30, 2011, 2010, and 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$1,704,410, \$1,699,212, and \$1,552,416, respectively, equal to the required contributions for each year.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 449 active and 60 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 283,000
Interest on net OPEB obligation	27,000
Adjustment to annual required contribution	<u>(23,000)</u>
Annual OPEB cost	287,000
Contributions made	<u>(172,000)</u>
Increase in net OPEB obligation	115,000
Net OPEB obligation beginning of year	<u>608,174</u>
Net OPEB obligation end of year	<u>\$ 723,174</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

For the year ended June 30, 2011, the District contributed \$172,000 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 361,876	15.1%	\$ 307,119
June 30, 2010	367,831	18.2%	608,174
June 30, 2011	287,000	59.9%	723,174

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$2.526 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.526 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$20,488,000, and the ratio of the UAAL to covered payroll was 12.3%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 9 - CONTINGENT LIABILITIES

As of June 30, 2011, the District is contingently liable for the unvested portion of sick leave, which totals approximately \$10,381,642.

NOTE 10 - RISK MANAGEMENT

Clinton Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. There have been no significant reductions in insurance coverage from coverage in the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District also has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 120% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$45,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. That reserve was \$540,000 at June 30, 2011. Changes in the aggregate claims liability for the current year is as follows:

	<u>2011</u>
Balance, beginning of year	\$ 585,000
Incurred claims (including IBNRs)	5,520,801
Claim payments	<u>5,565,801</u>
Balance, end of year	<u>\$ 540,000</u>

NOTE 11 - OPERATING LEASES

The District has various operating leases expiring on various dates through 2016 with various minimum annual rentals. The following is a schedule, by year, of the future minimum rentals due under these operating leases:

Year Ended June 30,	
2012	\$ 87,196
2013	26,860
2014	16,502
2015	11,515
2016	<u>3,873</u>
Total	<u>\$ 145,946</u>

Rental payments made during the year ended June 30, 2011 for all operating leases totaled approximately \$126,734.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 12 - AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,805,505 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

NOTE 13 - CONSTRUCTION COMMITMENTS

The District has entered into contracts totaling \$16,266,156 for the construction of a new pool at the high school and various other construction projects. As of June 30, 2011, costs of \$9,301,445 had been incurred against the contracts. The balance of \$6,964,711 remaining at June 30, 2011 will be paid as work on the projects progress.

NOTE 14 - FUND BALANCE DEFICIT

At June 30, 2011, the General Fund, Student Activity Fund, Other Revenue Fund, Debt Service Fund and Print Shop Fund had fund balance deficits of \$1,864,490, \$643,814, \$385,645, \$10,279 and \$138,214, respectively, resulting from current expenses in excess of total revenues. It is expected that revenues for the next year will provide a positive fund balance.

NOTE 15 - SPECIAL ITEM

On January 14, 2010, a significant embezzlement was discovered within the District. Immediately following, the Iowa State Auditor's Office was contacted and an investigation was performed. During fiscal year 2011, District losses of \$500,000 were reimbursed by the District's insurance carrier.

NOTE 16 - SUBSEQUENT EVENTS

In October of 2011, the District entered into three separate construction contracts related to the renovation of Harding Middle School, which is to be the new location of the Clinton Community School District Administration Office beginning in July 2012. The first contract was with Air Control, Inc. totaling \$370,800, the second contract was with Tietjens-Lockhart Construction, Inc. totaling \$337,931 and the third contract was with Leslie Electric totaling \$163,934.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTAL INFORMATION
Year Ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
REVENUES						
Local sources	\$ 20,241,061	\$ 634,020	\$20,875,081	\$ 22,639,172	\$22,639,172	\$ (1,764,091)
State sources	26,649,863	16,197	26,666,060	31,714,352	31,714,352	(5,048,292)
Federal sources	3,504,938	1,199,399	4,704,337	3,550,000	3,550,000	1,154,337
Total revenues	<u>50,395,862</u>	<u>1,849,616</u>	<u>52,245,478</u>	<u>57,903,524</u>	<u>57,903,524</u>	<u>(5,658,046)</u>
EXPENDITURES						
Instruction	29,184,412	-	29,184,412	28,355,000	28,355,000	(829,412)
Support services	13,499,525	-	13,499,525	15,314,988	15,314,988	1,815,463
Non-instructional programs	3,181	1,784,495	1,787,676	1,853,700	1,853,700	66,024
Other expenditures	15,438,546	-	15,438,546	34,368,789	34,368,789	18,930,243
Total expenditures	<u>58,125,664</u>	<u>1,784,495</u>	<u>59,910,159</u>	<u>79,892,477</u>	<u>79,892,477</u>	<u>19,982,318</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,729,802)	65,121	(7,664,681)	(21,988,953)	(21,988,953)	14,324,272
OTHER FINANCING SOURCES (USES), NET	96,622	12,553	109,175	-	-	109,175
Special item, missappropriated collections	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(7,133,180)	77,674	(7,055,506)	(21,988,953)	(21,988,953)	14,933,447
BALANCES, BEGINNING OF YEAR	<u>25,788,965</u>	<u>2,029,782</u>	<u>27,818,747</u>	<u>32,521,078</u>	<u>32,521,078</u>	<u>(4,702,331)</u>
BALANCES, END OF YEAR	<u>\$ 18,655,785</u>	<u>\$2,107,456</u>	<u>\$20,763,241</u>	<u>\$ 10,532,125</u>	<u>\$10,532,125</u>	<u>\$ 10,231,116</u>

See accompanying independent auditor's report.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2011

This budgetary comparison is presented as Required Supplemental Information in accordance with *Governmental Accounting Standards Board Statement No. 41* for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except private purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not have any budget amendments.

During the year ended June 30, 2011, expenditures in the instruction function exceeded the amount budgeted, however, the District did not exceed its General fund unspent authorized budget.

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 2,662	\$ 2,662	0.00%	\$ 16,000	13.6%
2010	July 1, 2008	-	2,662	2,662	0.00%	20,500	13.0%
2011	July 1, 2010	-	2,662	2,526	0.00%	20,488	12.3%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTAL INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2011

	Student Activity		Management Levy		Helen O. Stoddard Bequest		Margaret N. Kracht Gift		Total
ASSETS									
Cash and cash equivalents	\$	-	\$	463,660	\$	56,764	\$	83	\$ 520,507
Property taxes receivable									
Current year delinquent	-		32,882		-		-		32,882
Succeeding year	-		590,108		-		-		590,108
Other receivables	105		-		-		-		105
TOTAL ASSETS	\$	105	\$	1,086,650	\$	56,764	\$	83	\$ 1,143,602
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities									
Cash overdrafts	\$	627,300	\$	-	\$	-	\$	-	\$ 627,300
Accounts payable	16,004		4,927		-		-		20,931
Accrued payroll and deductions	615		-		-		-		615
Deferred revenue									
Succeeding year property tax	-		590,108		-		-		590,108
Other	-		24,817		-		-		24,817
Total liabilities	643,919		619,852		-		-		1,263,771
Fund balances (deficit)									
Restricted for:									
Management levy purposes	-		466,798		-		-		466,798
Other purposes	-		-		56,764		83		56,847
Unassigned	(643,814)		-		-		-		(643,814)
Total fund balances (deficit)	(643,814)		466,798		56,764		83		(120,169)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$	105	\$	1,086,650	\$	56,764	\$	83	\$ 1,143,602

CLINTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2011

REVENUES		Student Activity	Management Levy	Helen O. Stoddard Bequest	Margaret N. Kracht Gift	Total
Local Sources						
Taxes	\$	-	\$ 584,163	\$ -	\$ -	\$ 584,163
Other		450,232	34,976	-	-	485,208
State sources		-	356	-	-	356
Total revenues		450,232	619,495	-	-	1,069,727
EXPENDITURES						
Current operating:						
Instruction						
Regular instruction		-	243,500	-	-	243,500
Other instruction		424,586	6,641	-	-	431,227
Total instruction		424,586	250,141	-	-	674,727
Support services						
Student services		39	5,589	-	-	5,628
General administration		-	38,280	-	-	38,280
Business administration		286	-	-	-	286
Plant operations and maintenance		4,063	215,988	9,531	-	229,582
Student transportation		18,773	26,401	-	-	45,174
Total support services		23,161	286,258	9,531	-	318,950

SCHEDULE 2
(CONTINUED)

CLINTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2011

	Student Activity	Management Levy	Helen O. Stoddard Bequest	Margaret N. Kracht Gift	Total
Non-instructional programs	\$ -	\$ 3,031	\$ -	\$ -	\$ 3,031
Total expenditures	447,747	539,430	9,531	-	996,708
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,485	80,065	(9,531)	-	73,019
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(646,299)	386,733	66,295	83	(193,188)
FUND BALANCES (DEFICIT), END OF YEAR	\$ (643,814)	\$ 466,798	\$ 56,764	\$ 83	\$ (120,169)

CLINTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Revenue		Total
			Other		
ASSETS					
Cash and cash equivalents	\$ 4,823,963	\$ 88,147	\$ -	\$ -	\$ 4,912,110
Investments	16,835,573	-	-	-	16,835,573
Property taxes receivable					
Current year delinquent	-	16,415	-	-	16,415
Succeeding year	-	310,564	-	-	310,564
Other receivables	-	-	15,700	-	15,700
Due from other governments	528,453	-	-	-	528,453
TOTAL ASSETS	\$ 22,187,989	\$ 415,126	\$ 15,700	\$ -	\$ 22,618,815
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities					
Cash overdrafts	\$ -	\$ -	\$ 397,314	\$ -	\$ 397,314
Accounts payable	1,237,951	5,556	4,031	-	1,247,538
Deferred revenue					
Succeeding year property tax	-	310,564	-	-	310,564
Other	-	12,676	-	-	12,676
Total liabilities	1,237,951	328,796	401,345	-	1,968,092
Fund balances (deficit)					
Restricted for:					
School infrastructure	20,950,038	-	-	-	20,950,038
Physical plant and equipment	-	86,330	-	-	86,330
Unassigned	-	-	(385,645)	(385,645)	(385,645)
Total fund balances (deficit)	20,950,038	86,330	(385,645)	(385,645)	20,650,723
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 22,187,989	\$ 415,126	\$ 15,700	\$ -	\$ 22,618,815

SCHEDULE 4

**CLINTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) - CAPITAL PROJECT ACCOUNTS
Year Ended June 30, 2011**

	REVENUES			EXPENDITURES	
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Revenue	Total	
Local sources					
Taxes	\$ 3,302,527	\$ 279,126	\$ -	\$ 3,581,653	
Other	53,800	20,600	66,710	141,110	
State sources	-	163	-	163	
Total revenues	3,356,327	299,889	66,710	3,722,926	
Current operating:					
Instruction					
Other instruction	14,449	-	-	14,449	
Total instruction	14,449	-	-	14,449	
Support services					
General administration	4,612	1,790	-	6,402	
Business administration	7,416	2,718	-	10,134	
Plant operations and maintenance	262	-	-	262	
Total support services	12,290	4,508	-	16,798	

**SCHEDULE 4
(CONTINUED)**

**CLINTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) - CAPITAL PROJECT ACCOUNTS
Year Ended June 30, 2011**

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Revenue	Total
Other expenditures				
Facilities acquisition	\$ 7,627,733	\$ 213,140	\$ 88,760	\$ 7,929,633
Total expenditures	<u>7,654,472</u>	<u>217,648</u>	<u>88,760</u>	<u>7,960,880</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,298,145)	82,241	(22,050)	(4,237,954)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	29,612	29,612
Transfers out	<u>(4,837,488)</u>	<u>-</u>	<u>-</u>	<u>(4,837,488)</u>
Total other financing sources (uses)	<u>(4,837,488)</u>	<u>-</u>	<u>29,612</u>	<u>(4,807,876)</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	(9,135,633)	82,241	7,562	(9,045,830)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	30,085,671	4,089	(393,207)	29,696,553
FUND BALANCES (DEFICIT), END OF YEAR	\$ 20,950,038	\$ 86,330	\$ (385,645)	\$ 20,650,723

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Clinton High School				
9th grade	\$ 642	\$ 1,510	\$ 1,087	\$ 1,065
10th grade	6,190	1,243	1,340	6,093
11th grade	2,919	14,683	12,517	5,085
Activity tickets	24,903	11,710	-	36,613
Amnesty international	177	-	-	177
Archery club	1,230	815	-	2,045
Art club	549	-	-	549
Art of film	105	-	-	105
Biology club	1,448	406	-	1,854
Camp courageous	524	359	127	756
Cheerleading	250	-	9	241
Chess club	4	-	-	4
Class of 2009	151	1,126	975	302
Color guard	346	-	-	346
Culinary class	3,432	4,468	3,087	4,813
Dance	199	199	-	398
Debate	1,256	-	-	1,256
Drama	12,357	9,426	13,928	7,855
FBLA	(667)	4,031	4,474	(1,110)
Friends of rachael	(43)	130	171	(84)
General activity	145	2,000	2,037	108
Get a grip	493	1,258	880	871
Historical guild	410	-	-	410
Instrumental music	8,279	27,371	21,451	14,199
Instrumental music-special	4,584	-	-	4,584
Landscaping	4,340	1,654	2,866	3,128
Language arts	62	-	-	62
Lettermans club	510	468	64	914
Little theater	(120)	-	120	(240)
Math club	92	-	-	92
Medical careers	176	1,416	1,417	175
NHS	(1,064)	5,466	5,613	(1,211)
Orchestra	578	7,311	6,628	1,261
Pep club	481	-	945	(464)
SADD	244	1,198	3,030	(1,588)
Science club	33	-	-	33
Spanish class	741	1,090	1,232	599
Speech	(516)	952	516	(80)
Student council	1,635	2,606	4,791	(550)
Student venture	699	998	779	918
Vocal music	22,745	10,404	7,162	25,987
Vocal music-special	31,655	15,761	9,370	38,046
World language club	2,837	-	9	2,828
Yearbook	17,567	26,564	20,669	23,462
Total Clinton High School	<u>152,578</u>	<u>156,623</u>	<u>127,294</u>	<u>181,907</u>

SCHEDULE 5
(CONTINUED)

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Clinton High School Athletics				
Athletic concessions	\$ 30,783	\$ -	\$ -	\$ 30,783
Athletic promotions	1,254	2,205	13,640	(10,181)
Athletic resale	210	-	-	210
Athletic support	(6,202)	-	-	(6,202)
Baseball	(102,436)	6,686	12,231	(107,981)
Baseball fundraisers	(100)	980	1,190	(310)
Bowling	(388)	271	424	(541)
Boys basketball	51,249	15,494	14,253	52,490
Boys basketball fundraisers	668	6,219	5,551	1,336
Boys cross country	(7,225)	1,119	1,329	(7,435)
Boys cross country fundraisers	425	978	553	850
Boys tennis	(21,279)	266	2,185	(23,198)
Boys track	(72,759)	4,190	9,645	(78,214)
Boys track fundraisers	535	5,220	4,685	1,070
Football	70,556	39,741	19,365	90,932
Football fundraisers	2,672	16,026	13,354	5,344
General athletics	(203,624)	7,768	17,855	(213,711)
Girls basketball	(21,542)	4,953	7,348	(23,937)
Girls basketball fundraisers	(305)	2,753	3,058	(610)
Girls bowling	(655)	397	448	(706)
Girls cross country	(5,676)	1,090	1,471	(6,057)
Girls cross country fundraisers	424	978	552	850
Girls golf	(23,202)	-	1,981	(25,183)
Girls soccer	(32,645)	1,593	4,243	(35,295)
Girls soccer fundraisers	430	292	822	(100)
Girls swimming	(27,708)	1,281	1,848	(28,275)
Girls swimming fundraisers	(350)	1,250	1,599	(699)
Girls tennis	(25,602)	850	3,660	(28,412)
Girls tennis fundraisers	383	1,226	843	766
Girls track	(72,553)	4,267	8,032	(76,318)
Girls track fundraisers	(2,219)	2,406	4,625	(4,438)
Golf	(30,629)	1,829	3,839	(32,639)
Soccer	(43,709)	2,157	3,627	(45,179)
Soccer fundraisers	1,976	6,135	4,159	3,952
Softball	(85,021)	3,994	6,349	(87,376)
Softball fundraisers	510	5,383	4,870	1,023
Swimming	(16,362)	3,611	3,962	(16,713)
Swimming fundraisers	120	4,340	4,218	242
Volleyball	(43,621)	6,600	8,257	(45,278)
Volleyball fundraisers	(7)	3,139	3,146	(14)
Wrestling	(74,817)	16,402	22,603	(81,018)
Wrestling fundraiser	(3,614)	13,921	17,534	(7,227)
Total Clinton High School Athletics	(762,055)	198,010	239,354	(803,399)

SCHEDULE 5
(CONTINUED)

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Lincoln High School				
Athletic concessions	\$ (58)	\$ -	\$ -	\$ (58)
Athletic promotions	(19)	-	-	(19)
Total Lincoln High School	(77)	-	-	(77)
Lyons Middle School				
6th grade	637	7,289	6,891	1,035
7th grade	3,819	5,791	2,375	7,235
8th grade	1,195	3,006	2,228	1,973
Activity tickets	2,000	-	-	2,000
Boys basketball	4,660	4,323	655	8,328
Boys track	853	1,116	663	1,306
Football	(1,501)	579	1,165	(2,087)
General	(1,032)	-	-	(1,032)
General athletics	(18,028)	3,264	2,205	(16,969)
Girls basketball	110	660	550	220
Landscaping	355	-	-	355
Publications	(387)	534	921	(774)
Ski trip	2,918	10,915	8,974	4,859
Special education	44	450	327	167
Student council	1,199	495	274	1,420
Vocal music	1,450	16,727	16,547	1,630
Volleyball	634	1,418	654	1,398
Wrestling	(719)	3,253	2,273	261
Yearbook	3,731	1,710	-	5,441
Total Lyons Middle School	1,938	61,530	46,702	16,766
Washington Middle School				
6th grade	6	603	601	8
6th grade drama	2,479	7,206	8,818	867
7th grade	-	389	389	-
7th-8th grade	74	984	1,086	(28)
8th grade	31	709	678	62
Activity tickets	1,703	-	1,117	586
Archery club	(340)	-	-	(340)
Art club	(374)	-	-	(374)
AV club	817	-	-	817
Boys basketball	(2,683)	750	558	(2,491)
Boys track	(301)	457	-	156
Co-ed athletics	(28,926)	172	139	(28,893)
Drama	(80)	-	80	(160)
Football	(7,441)	649	550	(7,342)
General	(602)	921	1,468	(1,149)
Girls basketball	(6,621)	914	660	(6,367)

SCHEDULE 5
(CONTINUED)

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Washington Middle School (continued)				
Girls track	\$ (926)	\$ 125	\$ 75	\$ (876)
Instrumental music	559	4,584	3,523	1,620
Orchestra	5,175	696	53	5,818
Pep club	(340)	-	-	(340)
Press club	10	-	-	10
Pride club	65	-	-	65
Spanish class	(340)	-	-	(340)
Student government	801	2,254	1,874	1,181
Tennis club	(340)	-	-	(340)
Vocal music	3,062	5,335	5,660	2,737
Volleyball	(1,464)	1,546	350	(268)
Wrestling	(2,182)	575	360	(1,967)
Yearbook	1,835	2,255	3,613	477
Total Washington Middle School	(36,343)	31,124	31,652	(36,871)
Eagle Heights Elementary School				
Student council	80	-	-	80
Total Eagle Heights Elementary School	80	-	-	80
Jefferson Elementary School				
Student council	572	1,118	546	1,144
Total Jefferson Elementary School	572	1,118	546	1,144
Whittier Elementary School				
Student council	316	1,606	2,197	(275)
Total Whittier Elementary School	316	1,606	2,197	(275)
District-Wide				
General	(3,308)	221	2	(3,089)
Total District-Wide	(3,308)	221	2	(3,089)
TOTAL	\$ (646,299)	\$ 450,232	\$ 447,747	\$ (643,814)

CLINTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 Year Ended June 30, 2011

	<u>Balance,</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2011</u>
ASSETS				
Cash and cash equivalents	<u>\$ 1,329</u>	<u>\$ 8,127</u>	<u>\$ 6,934</u>	<u>\$ 2,522</u>
LIABILITIES				
Due to other groups	<u>\$ 1,329</u>	<u>\$ 8,127</u>	<u>\$ 6,934</u>	<u>\$ 2,522</u>

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Last Nine Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003
	Modified Accrual Basis								
REVENUES									
Local sources	\$ 20,741,061	\$ 19,678,824	\$ 15,819,106	\$ 15,103,876	\$ 14,697,134	\$ 13,662,495	\$ 12,518,893	\$ 12,722,834	\$ 12,760,713
Intermediate sources	-	55,000	1,084,316	1,353,835	2,345,250	2,035,721	1,905,217	1,730,164	1,595,305
State sources	26,649,863	23,652,940	26,903,191	25,688,335	23,994,622	22,411,152	21,919,637	20,601,507	21,074,476
Federal sources	3,504,938	6,173,564	2,522,040	2,231,413	2,684,375	2,840,567	3,141,686	1,875,296	1,731,519
TOTAL REVENUES	\$ 50,895,862	\$ 49,560,328	\$ 46,328,653	\$ 44,377,459	\$ 43,721,381	\$ 40,949,935	\$ 39,485,433	\$ 36,929,801	\$ 37,162,013
EXPENDITURES									
Instruction	\$ 29,184,412	\$ 30,157,474	\$ 28,095,451	\$ 26,072,867	\$ 25,120,818	\$ 23,924,938	\$ 24,073,051	\$ 23,259,448	\$ 22,762,499
Support services									
Student services	2,233,621	2,286,580	2,237,361	2,372,567	2,455,271	2,566,531	1,483,900	1,029,640	940,944
Instructional staff services	1,356,898	1,445,502	1,140,229	1,220,633	1,162,756	1,242,624	1,171,251	1,063,808	932,782
General administration	727,422	869,920	532,196	675,091	550,268	511,883	424,403	317,858	303,965
Building administration	2,252,313	2,356,980	2,188,122	1,999,990	2,012,362	1,892,744	1,589,125	1,476,661	1,560,723
Business administration	1,354,713	1,415,376	1,510,298	1,765,364	1,515,714	1,665,013	396,758	434,251	360,447
Plant operations and maintenance	4,135,325	3,984,723	4,035,938	3,917,586	3,760,269	3,817,687	3,965,345	3,604,006	3,732,438
Student transportation	1,439,233	1,881,958	1,694,934	1,455,990	917,280	1,249,182	1,501,224	1,230,300	1,208,200
Central support services	-	-	-	-	-	-	794,977	686,826	617,288
Non-instructional programs	3,181	3,708	5,412	4,024	2,786	11,419	119,332	332,125	305,474
Other expenditures	15,438,546	10,000,394	6,155,500	8,554,663	20,509,803	6,650,066	11,102,858	2,942,719	2,491,775
TOTAL EXPENDITURES	\$ 58,125,664	\$ 54,402,615	\$ 47,595,441	\$ 48,038,775	\$ 58,007,327	\$ 43,532,087	\$ 46,622,224	\$ 36,377,642	\$ 35,216,535



**Wink, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Education
Clinton Community School District
Clinton, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton Community School District as of and for the year ended June 30, 2011, which collectively comprise Clinton Community School District's basic financial statements and have issued our report thereon dated May 30, 2012. Our report on the financial statements expressed qualified opinions since we were unable to satisfy ourselves about the completeness of cash balances due to not being able to reconcile cash balances to the general ledger. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clinton Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-A-11, II-B-11, II-C-11, II-D-11 and II-E-11 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clinton Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Clinton Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on Clinton Community School District's responses, we did not audit Clinton Community School District's responses, and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clinton Community School District and other parties to whom Clinton Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specific parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clinton Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
May 30, 2012

**Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

To the Board of Education
Clinton Community School District
Clinton, Iowa

Compliance

We have audited Clinton Community School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on Clinton Community School District's major federal programs for the year ended June 30, 2011. Clinton Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Clinton Community School District's management. Our responsibility is to express an opinion on Clinton Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clinton Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Clinton Community School District's compliance with those requirements.

In our opinion, Clinton Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Clinton Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Clinton Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clinton Community School District and other parties to whom Clinton Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specific parties.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
May 30, 2012

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Direct:			
U.S. Department of Justice:			
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	FY11	\$ 163,623
U.S. Department of Education:			
Safe and Drug-Free Schools and Communities_National Programs	84.184	FY11	26,570
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY11	216,774
National School Lunch Program	10.555	FY11	972,648 *
Summer Food Service Program for Children	10.559	FY11	18,510
Total U.S. Department of Agriculture			1,207,932
U.S. Environmental Protection Agency:			
Iowa Department of Natural Resources:			
ARRA - State Clean Diesel Grant Program	66.040	FY11	95,801
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY11	808,993
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY11	310,863
			1,119,856
Career and Technical Education -- Basic Grants to States	84.048	FY11	59,851
Special Education_Grants to States	84.027	FY11	239,622
Twenty-First Century Community Learning Centers	84.287	FY11	229,067
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330	FY11	456
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	FY11	15,102
English Language Acquisition Grants	84.365	FY11	3,306
Improving Teacher Quality State Grants	84.367	FY11	170,011
Grants for State Assessments and Related Activities	84.369	FY11	25,298
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	FY11	3,335
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY11	241,801
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	FY11	6,702
			248,503
Education Jobs Fund	84.410	FY11	199,250
Total U.S. Department of Education			2,313,657
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Drug Abuse and Addiction Research Programs	93.279	FY11	33,834
Total			\$ 3,841,417

* - Includes \$110,479 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Clinton Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part I: Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? x yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes x none reported
- Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

 yes x no

Identification of major programs:

Title I, Part A Cluster:

CFDA Number 84.010

CFDA Number 84.389

Title I Grants to Local Educational Agencies
ARRA - Title I Grants to Local Educational
Agencies, Recovery Act

School Nutrition Cluster Programs:

CFDA Number 10.553

CFDA Number 10.555

CFDA Number 10.559

School Breakfast Program
National School Lunch Program
Summer Food Service Program for Children

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 yes x no

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Bank Reconciliations

Criteria - Monthly bank reconciliations are the primary internal control procedure relating to the District's cash and investment accounts.

Condition - During the audit, we noted that bank reconciliations were not performed for the entire year under audit and the year-end bank reconciliation did not agree to the general ledger.

Effect - Not reconciling accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis.

Cause - The District has not implemented effective internal control procedures to ensure that bank reconciliations are completed on a monthly basis.

Recommendation - All cash and investment accounts should be reconciled on a monthly basis and agreed to the general ledger control accounts.

Response - The District will review current procedures and adjust accordingly.

Conclusion - Response accepted.

II-B-11 Financial Reporting

Criteria - Reconciling account balances and supporting documentation to control accounts is the primary internal control procedure relating to these account balances.

Condition - During the audit, we identified material amounts of receivables, capital asset additions, accounts payable, long-term debt and revenue not properly recorded in the District's financial statements.

Effect - Transaction errors or other problems could occur and not be detected in a timely manner.

Cause - The District has not implemented procedures to ensure receivables, capital asset additions, accounts payable, long-term debt and revenue transactions are properly recorded.

Recommendation - The District should implement procedures to ensure all receivables, capital asset additions, accounts payable, long-term debt and revenue transactions are identified and properly included in the District's financial statements.

Response - The District will review current procedures and adjust accordingly.

Conclusion - Response accepted.

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part II: Findings Related to the Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES: (continued)

II-C-11 Segregation of Duties

Criteria - The District does not have effective internal controls to safeguard assets, and prevent or detect and correct misstatements on a timely basis, as a result of a lack of segregation of duties. Internal controls should be in place to reduce to a relatively low risk the likelihood a material misstatement to the financial statements could occur and not be detected and corrected in a timely period by employees in the normal course of performing their assigned functions. A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. Due to the small number of people employed in administrative functions, the District may not be able to fully achieve an ideal segregation of duties.

Condition - Although there are four individuals with accounting and financial duties in the Business Office, at various times employees have the ability to initiate, authorize and record transactions with no review process in place. As a result, all of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing.

Effect - As a result of these conditions, there is a higher risk that errors or irregularities could occur and not be detected and corrected within a timely period.

Cause - The entity has a limited number of personnel performing accounting functions and limited review procedures in place.

Recommendation - The District should be aware of the lack of segregation of duties and regularly review controls which could be put in place to mitigate the risk that misstatements could occur and not be detected and corrected.

Response - The entity recognizes that it would not be cost effective to hire additional personnel to maximize the segregation of accounting duties due to its size. However, the Board of Education will maintain close oversight in relation to financial and other matters.

Conclusion - Response accepted.

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part II: Findings Related to the Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES: (continued)

II-D-11 Journal Entries

Criteria - Internal controls should be in place to reduce to a relatively low risk the likelihood a material misstatement could occur and not be detected and corrected.

Condition - The District does not have effective internal controls over journal entries.

Effect - As a result of this condition, there is a higher risk that account balances could be materially misstated.

Cause - Current practice is that one employee creates a journal entry and another employee posts the journal entry. The employee who posts the journal entry signs off on the supporting documentation. Although current practice resolves a segregation of duties issue, the District does not have proper approval procedures in place to ensure that posted journal entries are accurate.

Recommendation - A member of management or the Board of Education should review journal entries and supporting documentation on a monthly basis. The reviewer should then sign and date the entries as an indication of approval.

Response - The District will review current procedures and adjust accordingly.

Conclusion - Response accepted.

II-E-11 Financial Statement Preparation

Criteria - The District engages Winkel, Parker & Foster, CPA PC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Winkel, Parker & Foster, CPA PC cannot be considered part of the District's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, the District should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the District's activities and operations.

Condition - The District has not implemented procedures, to the degree necessary, to perform a review and assume responsibility of the District's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.

Effect - Management or employees in the normal course of performing their assigned functions may not prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part II: Findings Related to the Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES: (continued)

II-E-11 Financial Statement Preparation (continued)

Cause - The District has relied on independent auditors to some degree to provide assurance that the financial statements, including disclosures, are not materially misstated.

Recommendation - Management should perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Response - Management will perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Conclusion - Response accepted.

Instances of Non-compliance

No matters were reported.

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part III: Findings and Questioned Costs for Federal Awards:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - Expenditures for the year ended June 30, 2011 exceeded the certified budget amount in the instruction function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-11 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-11 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
James McGraw, Board President, Owner Of Happy Joe's Pizza	Food	\$ 16,146
Gregg Obren, Board Member, Game Official	Officiating Athletic Events	1,140
Steve Cagley, Husband of A/P Supervisor, Owner Sanitol Service, Inc.	Parts, Repairs and Maintenance	4,282

The transactions with the Board President do not appear to represent a conflict of interest since those over \$1,500 were entered into through competitive bidding in accordance with Chapter 362.5(3)(e) of the Code of Iowa. In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with the Board Member does not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year. Per discussion with District personnel, the transaction with Sanitol Service, Inc. could have gone out for bid, however, according to the District's purchasing policy, the Superintendent may approve purchases without competitive bids for goods and services costing under \$10,000 without prior board approval.

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part IV: Other Findings Related to Required Statutory Reporting (continued):

- IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-11 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-11 Certified Annual Report - The Certified Annual Report was not properly certified to the Iowa Department of Education by September 15, 2011.

Recommendation - In the future, the District should ensure the Certified Annual Report is certified timely to the Iowa Department of Education.

Response - The District will ensure that the Certified Annual Report is certified timely to the Iowa Department of Education.

Conclusion - Response accepted.

- IV-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2011 audit:

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part IV: Other Findings Related to Required Statutory Reporting (continued):

IV-L-11 Statewide Sales, Services and Use Tax (continued)

Beginning Balance		\$ 30,085,671
Statewide sales, services and use tax	\$ 3,302,527	
Other local revenues	<u>53,800</u>	<u>3,356,327</u>
Expenditures/transfers out:		
School Infrastructure construction	7,557,705	
Land purchased	55,000	
Equipment	7,497	
Other	34,270	
Transfers to other funds:		
Debt service fund	<u>4,837,488</u>	<u>12,491,960</u>
Ending Balance		\$ <u>20,950,038</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-11 Deficit Balances - The General Fund, Student Activity Fund, Other Revenue Fund, Debt Service Fund and Print Shop Fund had deficit fund balances at June 30, 2011.

Recommendation - The District should investigate alternatives to eliminate these deficits and return the accounts to a sound financial condition.

Response - The District is continuing to investigate alternatives to eliminate the deficit balances in these funds.

Conclusion - Response accepted.

IV-N-11 Interfund Loan Transfers - Negative cash was reported in the Student Activity Fund, Other Revenue Fund, Debt Service Fund and Print Shop Fund. Proper reporting when one fund has over drawn its share of an internal investment pool is that the fund should report an interfund liability in the fund that the District's management deems to have lent the amount over drawn. Further, in accordance with the Iowa Department of Education Declaratory Order #4672 the loan should be approved by the Board, interest paid by the borrowing fund, and timely repayment of the loan. The District did not establish interfund loans for the funds where negative cash was reported.

Recommendation - The District's management should determine the funds that lent the amounts for the over drawn funds and establish interfund loans for the funds where negative cash was reported.

Response - Future interfund loans will be established if needed.

Conclusion - Response accepted.

**CLINTON COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2011**

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not corrected, please provide planned corrective action or other explanation</u>
III-A-10	Maintenance of Effort	Resolved	N/A

**CLINTON COMMUNITY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2011**

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Title Phone Number</u>	<u>Date of Completion</u>
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There were no comments made regarding significant deficiencies or noncompliance with federal awards.